City of Minneapolis FY 2001 Recommended Budget Financial Plans and Budgets

The schedules that follow contain the Financial Plans for the major funds of the City. Detailed financial plans are included for the following major funds, listed below. For the other funds of the City, financial information (expenditure and revenue) is included in the *Financial Schedules Section* of this report.

General Fund

Special Revenue Funds

- Convention Center Special Revenue Fund
- Community Development Block Grant Fund

> Enterprise Funds

- Water Treatment and Distribution Fund
- Storm Water, Sewer, and Flood Mitigation Utility Fund
- Solid Waste and Recycling Fund
- Municipal Parking Fund

Internal Service Funds

- Engineering Materials and Testing Fund
- Intergovernmental Services Fund
- Permanent Improvement Equipment Fund
- Self-Insurance Fund

City of Minneapolis General Fund Fund 0100

Background

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major sources of revenue include: property taxes, franchise fees, licenses and permits, intergovernmental revenues, charges for services and sales, and fines and forfeits.

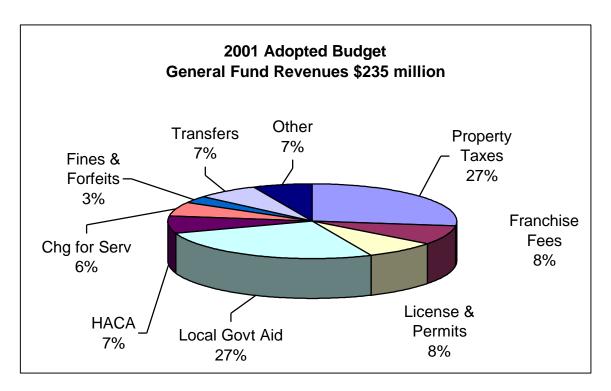
Historical Financial Performance

The fiscal year-end 1999 fund balance for the General Fund was \$28 million. The fund balance increased \$7.2 million at the end of 1999. Several one-time and previously unanticipated revenues were received during 1999. The City's policy is to maintain a minimum fund balance of 10% of current expenditures for the General Fund. The balance represents a reserve the City can use to cushion adverse economic shocks, and it provides a source of liquidity. Last year, of the \$7.2 million increase in fund balance, \$1.0 million was needed to meet the City's reserve requirement. The remaining \$6.2 million was designated for future year budget stability, referred to as the "rainy day fund", or otherwise a "budget stabilization account". The City has met the 10% reserve policy in past years and forecasts indicate that the reserve policy will be met in future years.

2001 Adopted Budget

Revenues

The General Fund 2001 budget includes a total of \$235 million of revenue for the General Fund, including \$16.1 million from transfers from other funds. As the next graph shows, 27% of the City's General Fund revenue comes from the property tax, this compares to 25% from the 2000 adopted budget. Local Government Aid and HACA, combined, from the State of MN provide 34% of the funding, as compared to 35% for the 2000 adopted budget. The Adopted Budget includes an additional \$6.3 million dollars in property taxes for the General Fund.



An increase to **building code revenue** is also budgeted in the General Fund. This revenue is tied to the fee schedule for the Universal Building Code (UBC), which the City adopted in 1998. The City Council added \$125,000 of permit revenue resulting from the addition of the vacant building registration program. As a result of the addition of staff to address un-permitted work, it is expected that an additional \$232,000 will be received. Revenues (\$215,000) are also anticipated as a result of the grocery store delegation agreement with the Minnesota Department of Agriculture.

The City's **state aids** have followed past trends. The City's total allocation of Local Government Aid (LGA) increased from \$75 million to \$78.2 million. Homestead Agricultural Credit Aid (HACA) remained flat at \$17.6 Million.

Intergovernmental revenues from the county are expected to decline by \$500,000 from \$11.5 million to \$1.0 million from 2000 to 2001. This reduction is the result of returning maintenance responsibility on county roads back to the county and from the previously stated shift of the street cleaning operations from the General Fund into the Sewer Fund in the 2000 budget.

Franchise fees are anticipated to remain relatively flat at \$19.9 million, with increases in the NSP fee offset by declining usage trends over the past several years.

Charges for services revenue are expected to remain the same in total for 2001 at \$14.3 million, with the exception of Police revenue for reimbursement from the State. The services provided during the highway 55 protests and Operation Cold Snap resulted in approximately \$300,000 worth of revenue. The 1999 actual receipts for charges for services include General Fund overhead received from capital projects, a one-time source of revenue for the general fund.

There were several revenue increases related to requests for additional funding presented in department **decision packages**. The Health and Family Support Department plans to fund a Laboratory Technologist with additional \$50,000 in laboratory revenue. The Public Works department also had an additional decision package recommended for utility right of way mapping, funded by an additional \$115,000 in revenue. Human Resources anticipates bringing in an additional \$90,000 in revenue related to its contract with the School Board for provision of staffing services.

The budget includes an increase in **fines and forfeiture** revenues, from \$6.2 million to \$7.2 million, a \$1.0 million increase, as result of a change in the fine distribution formula by the state legislature.

The Inspections Division is in the process of certifying additional revenue for **special assessments** related to abandoned vehicles. A portion of this additional revenue was included in the 2000 budget. This revenue will begin to be received in 2002. The 2001 budget for special assessments declines by \$100,000 to reflect this timing issue from \$2.8 million to \$2.7 million. The Division has revenue increases in permits, which offset this decline in the short term.

As part of the Internal Service Fund work out plan for the Intergovernmental Service Fund, the General Fund faces a reduction in **working capital charges** previously charged to that fund. These charges were to charge the fund for cash deficits. Other **interest** received by the general fund from the City's investment pool is expected to increase by \$150,000. In total, interest and working capital working capital charges will decrease from \$1.6 million to \$1.2 million, a \$400,000 reduction.

Other **miscellaneous revenues**, including contributions, rents, and damage claims are expected to remain at the approximate same level, \$1.1 million to \$0.9 million, from 2000 to 2001.

The General Fund receives revenues from other funds in the form of **transfers**. The entertainment tax is anticipated to generate \$5.6 million dollars in revenues for the General Fund in 2001. This amount is after the contribution to the Target Center financial plan, a pledged amount of \$900,000. The entertainment tax is the only sales tax which can be directly allocated for general government purposes.

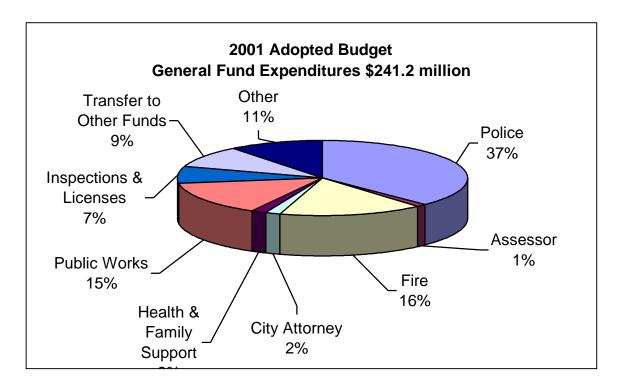
The Parking Fund also provides funding for the General Fund. The adopted ongoing amount of transfer is \$10.1 million. The adopted budget includes an additional \$1.3 million in revenue from an increase in the Impound Lot towing fee from \$75 to \$125, a \$50 increase. In addition, the adopted budget includes an \$800,000 increase in funding from the Parking Fund as a result of proposed parking ramp rate increases. These increases are anticipated as a base increase for future years. The adopted budget includes an additional \$1.2 million in a transfer from the Parking Fund, funded by increased parking meter rates.

Expenditures

The total 2001 expenditure budget is \$241.2 million. The expenditure budget exceeds the revenue estimates by \$6.2 million due a budgeted one-time transfer expense.

In 2001, the City expects to transfer \$5.2 million of cash from the General Fund to the Equipment Services Fund. In addition, \$1.0 million from General Fund reserve, "budget stabilization account," will be transferred for capital infrastructure. The combined total of these transfers is \$6.2 million. The source of cash will come from the **General Fund reserve** that is excess of the 10% reserve policy for the General Fund. Currently, the excess reserve is designated balance that is referred to as the "budget stabilization account". This recommendation would reduce the year-end 2000 forecasted cash deficit from \$19.9 million to \$14.7 million for the Equipment Services Fund. However, before the cash would be transferred in 2001, the City will ensure that the General Fund had met the required 10% fund balance reserve policy at year-end 2000.

Below is a graph with the 2001 recommended expenditures by department. Public Safety expenditures, Police, Fire, City Attorney, comprise the largest percent of General Fund expenditures.



The General Fund budget for City departments include \$3.1 million in **targeted budget reductions**, a 1.3% reduction. This reduction includes \$550,000 of cuts from discontinuing contributions for project planning for the Near North and New Central Library projects, ending payment to the Park Board's Youthline program and the Park Board's share of the YMAP program.

In addition to identifying spending reductions, the 2001 budget includes \$2.5 million in additional non-property tax General Fund revenue options to balance the budget. As mentioned previously, major revenue changes include an increase in the fee for building code inspections to cover the full cost, an increase in the towing fee paid at the City's impound lot, and additional revenue from the Park Board to support services provided by the City.

Decision packages totaling approximately \$1.3 are included in the budget. Two of the requests will generate \$0.2 million in additional revenue and one of the requests is for equipment purchases for the Fire Department for \$0.1 million, which is a one-time outlay.

Mayor Recommended (changes by the City Council noted):

>	\$196,800	Fire equipment (breathing apparatus) and Fire Captain training
>	\$100,000	Citizen survey and a report to citizens in support of the performance measurement initiative

>	\$70,000	Inspections entry level zoning employees to help reduce the backlog of site plan reviews and conditional use permits
>	\$300,000	Clean City Initiative (reduced by \$300,000 by the Council)
>	\$74,000	City Council committee videotaping and remodeling costs
>	\$100,000	Minneapolis Telecommunications Network operating expenditures (increased by Council by \$25,000)
>	\$40,000	Health and Family Support medical laboratory staffing more then offset by \$50,000 in increased revenue
>	\$115,000	Public Works mapping of utilities in Minneapolis offset by increased revenue

Additions by the City Council:

	\$465,000	Public Works Infrastructure Maintenance Gap
>	\$200,000	City Council Chambers Remodeling (addition to the Capital plan)
>	\$538,000	Increased Capital Projects funding from the general fund
>	\$52,500	Domestic Abuse Project contract payment
>	\$232,000	Un-permitted work staff in inspections - offset by increased revenue
>	\$55,000	Traffic Control Agent to assist with light rail transit
>	\$215,000	Staff to implement the Minnesota Department of Agriculture grocery store delegation agreement
>	\$50,000	Airport Planning Position
>	\$125,000	Inspections Vacant Building Registrations Program offset by increased revenue

Transfers to Other Funds

The recommended budget includes a transfer of \$900,000 to fund the ongoing debt reduction program. This is year three of a 10-year plan to reduce the total amount of bonds sold to fund the ongoing level of City capital projects.

As previously discussed in the expenditure section above, there is a one-time transfer of \$6.2 million of General Fund reserve included in the 2001 budget recommendation. This includes \$1.0 million for infrastructure "gap" closure capital program, and \$5.2 million for Internal Service Fund deficit reduction. An additional \$738,000 of transfers to capital were added to the general fund as outlined above.

Debt Service

The recommended budget includes \$120,000 worth of debt service for the Nicollet Mall and \$550,000 in debt service for the Inspections fleet. The \$1.1 million annual payment for the 10-year judgement bonds related to the 2000 legal settlement that has been added to the General Fund's support of the Self-Insurance Fund.

City of Minneapolis General Fund Financial Plan (in thousands of dollars)

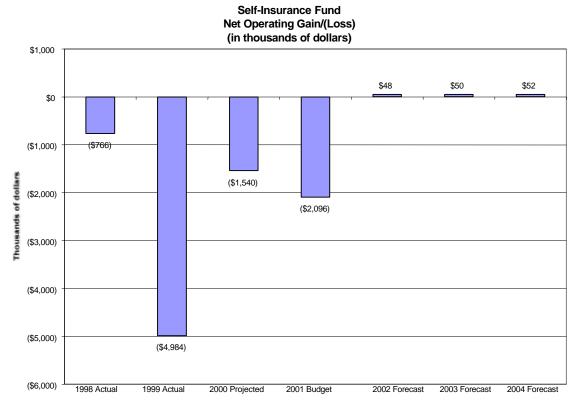
			2000						
	1998	1999	Original	2000	2001	%	2002	2003	2004
Operating Revenues:	Actual	Actual	Budget	Projected	Budget	Change	Forecast	Forecast	Forecas
Property Taxes	52,377	54,658	55,915	56,000	55,915	0.0%	62,343	73,401	84,797
Annual Property Tax Increase to Balance Budget*	52,511	34,036	33,913	36,000	7,328	0.076	11,058	11,396	11,745
Franchise Fees	18,974	19,679	19,800	19,800	19,870	0.4%	20,267	20,673	21,086
Licenses and Permits	15,522	16,938	16,098	16,800	18,562	15.3%	18,933	19,312	19,698
Local Government Aid	56,256	58,057	59,505	59,505	62,430	4.9%	62,430	62,430	62,430
Homestead Agricultural Credit Aid	13,002	15,932	17,550	17,550	17,566	0.1%	17,566	17,566	17,566
Other Intergovernmental Revenues	11,270	-	11,524		10,983	-4.7%	10,983	10,983	10,983
Charges for Services		11,649		11,524	14,308				15,184
Fines and Forfeits	13,190	17,917	14,348 6,200	14,630		-0.3%	14,594	14,886	7,344
	6,321	5,957		6,350	7,235	16.7%	7,271	7,308	
Special Assessments	2,324	2,950	2,750	2,750	2,655	-3.5%	2,655	2,655	2,655
Interest and Working Capital Charges	2,766	1,200	1,550	2,000	1,195	-22.9%	1,195	1,195	1,195
Other Miscellaneous Revenues	811	959	1,050	990	875	-16.7%	885	894	904
Total	192,813	205,896	206,290	207,899	218,922	6.1%	230,181	242,699	255,587
Operating Expenditures									
Police	82,746	85,198	87,597	89,000	90,798	3.7%	94,430	98,207	102,135
Fire	35,684	36,920	38,330	38,300	38,930	1.6%	40,487	42,107	43,791
Public Works	36,468	38,515	32,614	34,358	35,682	9.4%	37,909	40.226	42,635
City Coordinator Departments	27,183	27,796	29,869	29,000	30,986	3.7%	32,225	33,514	34,855
City Attorney	3,266	3,881	4,089	4,089	4,048	-1.0%	4,210	4,378	4,553
City Clerk	3,724	3,843	4,050	4,050	4,147	2.4%	4,313	4,485	4,665
Health and Family Support	3,669	3,563	3,717	3,320	3,798	2.2%	3,950	4,108	4,272
Other Departments	20,866	13,466	8,257	8,330	8,384	1.5%	8,719	9,068	9,431
Total	213,606	213,182	208,523	210,447	216,773	4.0%	226,244	236,094	246,337
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Net Operating Gain/(Loss)	(20,793)	(7,286)	(2,233)	(2,548)	2,149	-196.2%	3,937	6,605	9,250
Non-Operating Revenues/(Expenditures)									
Transfers In	30,011	24,884	12,538	15,651	16,109	28.5%	16,753	17,423	18,120
One-Time Transfer Out to Internal Service Funds					(5,200)				
Transfer Out for Info Tech Operations	(4,226)	(4,307)	(5,307)	(5,307)	(9,316)		(9,616)	(9,916)	(10,216
Transfer Out for Info Tech Debt Service	(2,566)	(3,740)	(4,909)	(4,909)	(3,300)		(4,200)	(5,100)	(6,000
Projected Transfer to Equipment Services				, ,			(2,000)	(4,000)	(6,000
Transfer Out to Debt Reduction Program					(900)			, ,	•
Transfer Out to Capital for Infrastructure					(1,738)				
Transfer Out for Liability Settlement					(1,100)		(1,100)	(1,100)	(1,100
Transfer Out to Other Funds	(1,769)	(5,271)	(1,729)	(1,729)	(1,382)		(1,437)	(1,495)	(1,555
Non-Departmental Expenditures	(1,700)	2,954	1,640	1,857	(1,499)	-191.4%	(1,432)	(1,367)	(1,306
Total	21,450	14,520	2,233	5,563	(8,326)	-472.9%	(3,031)	(5,554)	(8,056
							, ,		
Net Change in Balance	657	7,234	0	3,015	(6,177)	-669%	905	1,051	1,194
Fund Balance/Retained Earnings:									
Beginning Balance	21,108	21,765	28,111	28,111	31,126	10.7%	24,949	25,854	26,905
Ending Balance**	21,765	28,111	28,111	31,126	24,949	-11.2%	25,854	26,905	28,099
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Ten Percent Reserve Requirement (10% of following year's budget)	21,276	21,883	23,875	23,875	22,768	-4.6%	23,746	24,764	26,093
10% of following year's budget)									
Amount over (under) Ten Percent Reserve	489	6,228	4,236	7,251	2,181	-48.5%	2,108	2,140	2,006
Actual Transfers in include prior year amounts remitted	d for MERF,	Police and	l Fire Relie	f.					
* The Annual Property Tax Incease is shown for foreca	ast purpoese	es. The Ac	taul demar	nd for					
tax will fluctuate depending on changes to expenditu									
							I		

City of Minneapolis Self-Insurance Fund Fund 6900

Background

This fund is used to account for employee medical, dental, and life insurance benefit programs and the programs' administrative costs. The fund also accounts for occupational health services, severance payments to employees who have retired or resigned and who meet minimum eligibility requirements, a tort liability program, and a workers' compensation program.

Historical Financial Performance



The fund balance/retained earnings of the Self-Insurance Fund reflected a negative balance of \$32.3 million at year-end 1999. The majority of this negative balance, \$21.9 million, is due to the required accounting recognition of liability claims that have occurred but are not reported.

However, even with the adjustment for liability claims, the Self-Insurance Fund still has some significant financial challenges. If there is no change in the rate

charged to City departments for workers comp or liability, this fund is forecasted to maintain a \$8 to \$11 million cash deficit. The City is in the process of having a new actuarial study completed to determine what the appropriate rates should be for future years, specifically for workers comp and liability. After the recommendations from this study are implemented, the financial position of the Self-Insurance Fund will improve.

2001 Recommended Budget

Revenues/Expenditures

Medical and Life programs are fully contracted-out so that revenues and expenses should be equal at year-end as premiums are determined by and paid to the contractors. For 2001, the City will use Blue Cross Blue Shield as the health insurance carrier. The Dental and Minneflex program premiums are estimated, and actual costs are expensed. The Human Resources Benefits Division will use a simplified revenue rate model based on Year 2000 authorized FTE's and estimated 2001 expenses.

The Unused Sick Leave Program provides payouts of unused sick leave to qualified employees at 50% pay. Payments are funded by 0.7% gross pay contributions from the City, Park Board, and Library Board into a severance pool. The rate for City Police Officers and Firefighters is 1.1% of gross pay.

The Retirement Incentive program is funded from transfers from other funds that use the program. The program will end in 2000 as planned. The Alternative Dispute Resolution (ADR) Program is funded from prior year funds collected through payroll deductions and direct payment as agreed to in labor contracts. Occupational Health actual expenses are billed to departments.

The Workers Compensation program protects the legal interest of the City. The 2001 Budget is 18.8% greater than 2000 due to higher than previously projected costs.

The Liability program includes claim settlements and expenses of the Attorney's Civil Division. Liability claims were significantly higher in 2000 than anticipated due to a \$8.8 million legal settlement for which bonds were issued to finance the payout. The 2001 recommended budget includes funding for the \$1.1 million in annual debt service that will be required for the next 10 years. In addition, operating revenue forecast assumes that beginning in 2002, the City will adjust liability rates charged to user departments to fully fund the estimated annual cost of liability settlements and related administrative costs.

Debt Service

Debt service payments are expected to continue until 2003 on \$4.0 million in bonds issued in 1995 and \$1.0 million in bonds issued in 1996 to fund existing and potential liability settlements. Principal and interest payments related to these issues from 1995 and 1996 are budgeted at \$896,500 for 2001. As previously mentioned, during 2000 the City issued \$8.8 million in settlement bonds to finance a legal settlement that occurred in 2000. The annual 10 year debt service requirement will be approximately \$1.1 million.

City of Minneapolis Self-Insurance Fund Financial Plan (in thousands of dollars)

			2000						
	1998	1999	Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Recomm.	Change	Forecast	Forecast	Forecast
Operating Revenues:									
Alternative Dispute Resolution	1	25	189	189	208	10.1%	209	214	220
Benefits Administration	389	247	380	380	514	35.3%	450	461	473
Dental	2,471	2,559	2,735	2,735	2,950	7.9%	3,024	3,099	3,177
Health Insurance	21,489	23,457	25,321	25,321	25,181	-0.6%	25,811	26,456	27,118
Liability	5,494	5,659	13,615	13,615	5,607	-58.8%	7,530	7,719	7,912
Life Insurance	994	991	1,098	1,098	1,103	0.5%	1,131	1,159	1,188
Minneflex	1,124	1,249	1,150	1,150	1,150	0.0%	1,179	1,208	1,238
Occupational Health Services	257	332	335	335	327	-2.4%	335	344	352
Retirement Incentive	656	703	769	769	0	-100.0%	0	0	0
Severance Pool	1,842	1,809	1,500	1,500	1,500	0.0%	1,538	1,576	1,615
Worker's Compensation	7,474	7,031	7,519	7,519	7,519	0.0%		8,264	8,470
Total	42,191	44,063	54,611	54,611	46,059	-15.66%		50,500	51,763
Operating Expenses:									
Alternative Dispute Resolution	87	57	188	188	209	10.8%	214	219	225
Benefits Administration	314	377	382	382	514	34.8%	450	461	473
Dental	2,527	2,491	2,735	2,735	2,950	7.9%	3,024	3,099	3,177
Health Insurance	20,977	23,145	25,321	25,321	25,181	-0.6%		26,456	27,118
Liability	7,014	10,961	16,063	16,063	7,349	-54.3%		7,721	7,914
Life Insurance	1,340	1,302	1,098	1,098	1,103	0.5%		1,159	1,188
Minneflex	1,127	1,203	1,150	1,150	1,150	0.0%		1,208	1,238
Occupational Health Services	322	407	325	325	333	2.6%		350	359
Retirement Incentive	655	708	769	769	0	-100.0%		0	0
Severance Pool	1,509	1,403	1,500	1,500	1,500	0.0%		1,576	1,615
Worker's Compensation	7,085	6,991	6,620	6,620	7,865	18.8%		8,200	8,405
Total	42,957	49,046	56,151	56,151	48,155	-79.5%		50,450	51,711
Net Operating Gain/(Loss)	(766)	(4,984)	(1,540)	(1,540)	(2,096)	1	48	50	52
Non-Operating Revenues/(Expenditu	ıres)								
Debt Service- Liability	(806)	(773)	(897)	(897)	(1,346)	50.1%	(1,980)	(1,980)	(1,980)
Transfer from General Fund for Debt	Service				1,100		1,100	1,100	1,100
Total	(806)	(773)	(897)	(897)	(246)	50.1%	(880)	(880)	(880)
Net Change in Balance	(1,572)	(5,756)	(2,437)	(2,437)	(2,342)	3.9%	(832)	(830)	(828)
Fund Balance/Retained Earnings:									
Beginning Balance	(24,988)	(26,560)	(32,316)	(32,316)	(34,753)	-7.5%	(37,094)	(37,926)	(38,756)
Ending Balance	(26,560)	(32,316)	(34,753)		(37,094)	-6.7%		(38,756)	(39,584)
Beginning Cash		1,148	(2,863)	(2,863)	(5,299)		(7,641)	(8,473)	(9,302)
Change in Cash		(4,011)	(2,437)	(2,437)	(2,342)	3.9%		(830)	(828)
Ending Cash	1,148	(2,863)	(5,299)			-44.2%			(10,131)
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City of Minneapolis Permanent Improvement Equipment Fund Fund 6100

Background

The Equipment fund is an "Internal Service Fund". The Equipment fund "rents" vehicles and other equipment to other City departments. For example, it provides police vehicles, fire trucks, heavy-construction equipment, snowplows, and other maintenance equipment to city departments. In addition, the Fund provides drivers and operators for equipment as necessary.

The fund accounts for the ownership and operation of a fleet of approximately 1,200 vehicles and other pieces of motorized equipment; 400 vehicle accessories (such as plow blades); and over 3,000 pieces of radio communications equipment. The City's fleet of vehicles and equipment is the largest portion of the Fund's assets and has an estimated replacement value of approximately \$66 million in 2000.

In 1995, the *net book value* (historical cost less accumulated depreciation) of the fund's investment in equipment was \$6.7 million. Because of a fleet modernization effort in recent years, the net book value of the fund's investment in equipment increased to \$27 million by year-end 1999. If all of the equipment were to be replaced *at current market prices*, the *replacement cost* of the fleet would be approximately \$66 million.

Historical Financial Performance

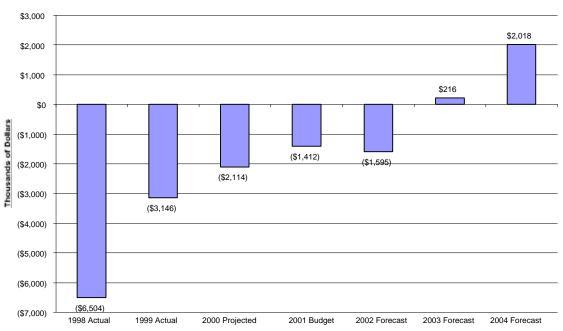
Revenue from Charges for Service

Since 1995, the Fund has not had sufficient revenues to fully fund both the operational and capital costs in the Equipment Fund. For example, in 2000, the Police department is budgeted and will spend \$2.4 million to rent equipment. However, the annual charges necessary to provide for the orderly replacement of the City's 248 squad cars, 137 investigator sedans, and 63 under-cover sedans (and various other Police trucks, vans, etc.) also totals \$2.4 million. Therefore, any amount spent on repair or maintenance of the vehicles is a direct loss to the fund. In general, for most of the services and rentals provided by the Equipment Services Division, the current rates charged are generally inadequate to fully fund the maintenance and replacement.

Cash and Retained Earnings Balances

As a result of expenditures exceeding available revenue for the last several years, the cash balance of this fund has been gradually declining. As mentioned, at the end of 1999, the fund had a negative cash balance of \$15.7 million. In addition, the retained earnings balance has declined from \$10.7 million in 1995 to a negative \$1.9 million at the end of 1999. The fund is significantly (\$12.6 million) less economically healthy now then it was in 1995.

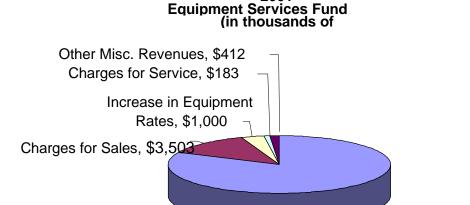
Equipment Services Fund Net Operating Gain/(Loss) (in thousands of dollars) 1998-2004



2001

Recommended 2001 Budget

Revenue



Beginning with the 2000 budget, the City began to increase the revenue for this fund. The 2000 budget included an additional \$1.0 million in revenue from the Police Department within the General Fund. The 2001 recommended budget will increase the

Rents, \$23,058

payment by another \$1.0 million. The incremental increase in revenues is an important step toward correcting the fund's on-going annual deficits.

In addition to addressing the on-going annual deficits, the 2001 recommended budget includes \$5.2 million in additional funding to eliminate a portion of the accumulated cash deficit. For year-end 2000, the projected cash deficit, before this transfer, is a negative \$19.9 million. The recommended transfer of cash from the General Fund will reduce this deficit to approximately \$14.7 million. The source of the \$5.2 million comes from General Fund reserve that was in excess of the City's 10% fund balance reserve policy for the General Fund at year-end 1999. During 2000, the City Council created a reserve of \$6.2 million for future budgetary needs. The Mayor's recommendation to transfer \$5.2 million to the Equipment Service Fund will thereby reduce the reserve within the General Fund. To ensure that the City's 10% fund balance reserve for the General Fund is maintained, the actual amount to be transferred from the General Fund to the Equipment Services Fund, during 2001, will depend on what the final balance for the General Fund is at year-end 2000. Currently, the General Fund is expected to fully meet the 10% reserve requirement at year-end.

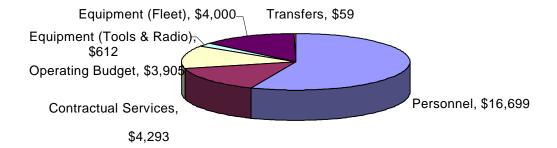
In future years, the City will need to continue to provide additional revenue, cut costs, and consider issuing bonds for capital replacement. The bond revenue will allow the City to make necessary equipment purchases while incrementally moving towards a pay-as-you-go strategy.

Expenditures

With the exception of funding for fleet replacement, 2001 expenditures are expected to be similar to 1999 and 2000 levels. The fleet replacement funding will be \$6.0 million for 2001, and of this amount \$1.2 million is already committed to the purchase of two fire aerial ladders, \$2.8 million for other public safety fleet needs, and \$2.0 million for public works needs.

Maintenance costs may be higher than anticipated due to the aging of the fleet exceeding the original plan from 1997. However, no change in maintenance

2001 Equipment Services Fund Operating Expenditures (in thousands of dollars)



expenditures is recommended for 2001, it will need to be managed within current resource allocations. Similar to 2000, expenditures of \$528,000 are expected for the continuing implementation of the 800Mhz regional communications system. *Transfers to Other Funds*

The 2001 budget includes a transfer out of \$59,000 for information technology services operation support.

Also, as stated earlier, there will be a one-time transfer from the General Fund, a maximum of \$5.2 million in 2001. This one-time transfer of General Fund reserve, in excess of the General Fund 10% reserve policy, is needed to help reduce the accumulated cash deficit within the Equipment Services Fund. The majority of the cash deficit has been caused by the General Fund not paying its portion of the cost to provide equipment in past years.

All internal working capital charges related to this fund having a negative cash balance have been removed from the 2001 budget. This fund will no longer be charged by the General Fund to cover daily negative cash. This results in expenditures being approximately \$820,000 less in 2001.

Debt Service

As part of the fleet modernization effort that began in 1997, the City issued bonds to get the cash needed to upgrade the fleet and to build new maintenance facilities. Principal and interest payments totaling \$1.2 million will be due on these bonds in 2001. As mentioned previously, beginning in 2001, \$6.0 million in additional bonds will be made for fleet replacement. However, prior to issuing bonds, the council will receive a recommended financial work-out plan for this fund.

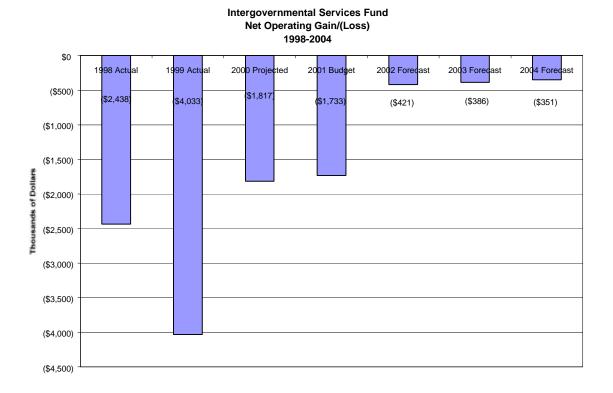
City of Minneapolis Equipment Services Fund Financial Plan (in thousands of dollars)

			2000						
	1998	1999	Current	2000	2001	% Channa	2002	2003	2004
Operating Revenues:	Actual	Actual	Budget	Projected	Budget	Change	Forecast	Forecast	Forecast
Charges for Service	162	231	180	180	183	1.7%	185	188	191
Charges for Sales	1,665	2,330	2,200	2,602	3,503	34.6%		3,503	3,503
Increase in Equipment Rates	1,003	2,330	2,200	2,002	1,000	34.070	3,000	5,000	7,000
Rents	24 526	22.226	22.255	22.540		2.3%	,		24,697
	21,536	22,326	22,255	22,540	23,058		23,590	24,136	
Other Misc Revenues	401	136	421	310	412	32.9%	412	412	412
Total	23,764	25,023	25,056	25,632	28,156	9.8%	30,690	33,239	35,803
Operating Expenditures:									
Personnel	14,931	14,957	16,274	14,835	16,699	12.6%	17,283	17,888	18,514
Contractual Services	3,686	4,092	4,280	5,644	4,293	-23.9%	4,358	4,423	4,489
Opertating Budget	3,751	3,867	3,679	3,890	3,905	0.4%		4,023	4,084
Equipment (Tools & Radio)	791	424	567	359	612	70.5%	,	630	639
Equipment (Fleet)	6,833	4,780	4,444	2,941	6,000	104.0%		6,000	6,000
Capital	227	4,700	7,777	2,341	0,000	-100.0%	,	0,000	0,000
		40	E1	51	50	-100.076		F O	E 0
Transfers Total	49 30,268	28,169	51 29,295	27,746	59 31,568		59 32,285	33,023	59 33,785
									·
Net Operating Gain/(Loss)	(6,504)	(3,146)	(4,239)	(2,114)	(3,412)	9.8%	(1,595)	216	2,018
Non-Operating Revenues/(Expendit	ures):								
Interest	5	1	1	1	1		1	1	1
Gains on disposals	223	257	175	225	275	22.2%	125	125	125
Operating Transfers In (Facilities)		8,895			_				
Operating Transfers In (Equipment)		0,000							
Transfer from Capital (Deferred Proj.)		220	220	220			2,450	12,568	
Transfer from Capital (Deferred 1 10).)		220	220	220			2,430	12,500	
Workout Plan Equipment Bonds					6,000		6,000	6,100	6,200
Workout Plan Debt Service					(100)		(350)	(653)	(960)
Workout Plan Tsf from Genl Fund					5,200		(000)	(000)	(000)
Workedt Harrist Holli Collin and					0,200				
Debt Service (Facilities & Equip)	(333)	(507)	(1,007)	(1,007)	(1,174)	16.6%	(1,223)	(1,270)	(1,319)
Debt Service (Regional Radio)	()	(/	(, ,	(, ,	(, , ,		(, - ,	(57)	(350)
Working Capital Charge	(580)	(786)	(750)	(750)		-100.0%		(0.)	(000)
	, ,								
Retirement Incentive Costs	(123)	(122)	(135)	(135)		-100.0%			
Capital Facilities		(9,000)							
Capital Equip (Regional Radio)		(13)	(528)	(960)	(365)	-62.0%	(2,800)	(12,861)	
				<i>(</i>)	4				
Depreciation	(3,923)	(4,120)	(3,900)	(3,900)	(3,944)		(4,380)	(4,730)	(5,009)
Add back Capital Asset Purchases	6,773	4,785	4,557	3,013	4,122		6,124	6,126	6,128
Net Non operating Income (Expense)	(624)	(854)	(1,196)	(1,196)	(1,232)		(1,269)	(1,307)	(1,346)
Total	1,418	(1,244)	(2,563)	(4,489)	8,783	-295.7%	4,678	4,042	3,470
Net Change in Balance	(5,086)	(4,390)	(6,802)	(6,603)	5,371	-181.3%	3,083	4,258	5,488
Fund Balance/Retained Earnings:									
Beginning Balance	7,546	2,460	(1,930)	(1,930)	(8,533)		(3,162)	(79)	4,179
Ending Balance	2,460	(1,930)	(8,732)	(8,533)	(3,162)	-62.9%	(79)	4,179	9,667
Beginning Cash	(4,836)	(11,158)	(15,708)	(15,708)	(19,921)	26.8%	(13,748)	(12,479)	(9,737)
Change in Cash	(6,322)	(4,550)	(6,047)	(4,213)	6,173	-246.5%	, ,	2,742	4,194
Ending Cash	(11,158)	(15,708)	(21,755)	(19,921)		-31.0%	(12,479)	(9,737)	(5,543)

City of Minneapolis Intergovernmental Services Fund Fund 6400

Background

This fund is used to account for information and technology services, central mailing and printing services, and telecommunications operations.



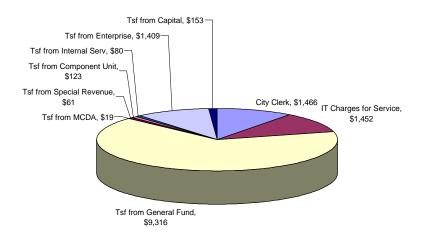
The City Council approved the Financial Workout Plan for the Intergovernmental Services Fund on September 29, 2000, to resolve both the annual operating deficit and accumulated cash deficits for this fund. This plan projects that there will be a positive operating margin by 2003, and positive cashflow to the fund by 2008 if the following assumptions are realized: (1) Refund existing variable rate debt (see Debt Service section); (2) Identify level of funding available for Capital Projects; (3) Reduce ITS operating expenses; (4) Commit \$1.2 million in additional annual General Fund resources from 2002 to 2008; (5) All City Funds, except the General Fund, must provide Pay-As-You-Go funding for ITS; (6) Adjust the rates paid by user departments/funds on an annual basis; (7) Eliminate internal working capital charge; (8) Implement permanent inter-fund loans; (9) Develop user rates for Information Technology services.

Historical Financial Performance

Fund balance/retained earnings have continued to decrease, from -\$1.15 million at the end of 1997 to -\$9.6 million at year-end 1999. This trend will be reversed under the workout plan, if the assumptions hold.

2001 Recommended Budget





Revenues

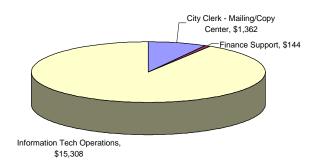
The workout plan will require an additional \$1.0 million in 2001 and \$1.2 million from 2002-2008 of General Fund revenue, to fund the cost of providing information technology services. All City Funds, except the General Fund, that receive services and capital funding from ITS, must provide pay-as-you-go funding. Besides these transfers, the City Clerk will continue to receive revenue for charges for central mailing and printing services. City Clerk services are fully funded.

Expenses

The ITS Department will reduce the number of FTE positions from 75 to 65 by 2002, saving approximately \$700,000. Spending on contractors for operation support will decrease by approximately \$800,000. These two changes will provide about \$1.5 million in net cost reductions beginning in 2002. Expenses in the Intergovernmental Services Fund are comprised of the operating expenses

(salaries/benefits, contractual, operating, equipment) of ITS, City Clerk, and Finance. Capital expenditures for information technology investments are budgeted in the City's Permanent Improvement Fund (4100) and not in the Intergovernmental Services Fund. However, the associated debt service is an expense to the Intergovernmental Services Fund.

2001 Intergovernmental Services Fund Operating Expenses (in thousands of dollars)



Transfers to Other Funds

Transfers are made to Capital Projects Fund 4100 (SISP) and to the Debt Service Fund as further described below.

Debt Service

The outstanding variable rate debt of \$19.4 million will be refunded in order to extend the final pay-off year from 2005 to 2012. It will allow the City to re-direct \$2.7 million of General Fund resources, currently dedicated for paying off variable rate debt, towards funding the operating costs of ITS. This will reduce the annual operating deficit for the fund by \$2.7 million. Outstanding fixed rate debt principal of \$21.3 million will be paid off as scheduled by 2006.

City of Minneapolis Intergovernmental Services Fund Financial Plan (in thousands of dollars)

			2000						
	1998	1999	Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Recomm.	Change	Forecast	Forecast	Forecast
Operating Revenues:									
City Clerk	1,552	1,494	1,447	1,373	1,466	6.7%	1,455	1,372	1,372
IT Charges for Service	1,591	1,934	1,370	1,396	1,452	4.0%	1,510	1,571	1,634
Tsf from General Fund	4,226	4,307	4,307	5,307	9,316	75.5%	9,616	9,916	10,216
Tsf from MCDA	-	-	18	18	19	4.0%	19	20	21
Tsf from Special Revenue	56	68	165	58	61	4.0%	63	66	68
Tsf from Component Unit	-	13	119	119	123	4.0%		134	139
Tsf from Internal Serv	67	67	69	597	80	-86.5%	84	87	90
Tsf from Enterprise	2,031	2,031	2,201	3,658	2,409	-34.1%	_	2,401	2,497
Tsf from Capital	5	5	147	1,068	153	-85.7%		166	172
Total	9,529	9,919	9,842	13,595	15,080	10.9%	15,343	15,731	16,209
Operating Expenses:									
City Clerk - Mailing/Copy Center	1,261	1,287	1,312	1,312	1,362	3.8%	1,391	1,312	1,312
Finance Support	91	108	108	108	144	33.5%	,	119	121
Information Tech Operations	10,614	12,557	13,985	13,992	15,308	9.4%		14,687	15,127
Total Deparments	11,966	13,952	15,405	15,412	16,813	9.1%	15,764	16,117	16,560
Total	11,966	13,952	15,405	15,412	16,813	9.1%	15,764	16,117	16,560
Net Operating Gain/(Loss)	(2,438)	(4,033)	(5,562)	(1,817)	(1,733)	-4.6%	(421)	(386)	(351)
Non-Operating Revenues/(Expenditure	es)								
Tsf from General Fund	2,566	4,448	5,909	5,909	3,300	-44.2%	4,200	5,100	6,000
Internal Working Capital Charge	(182)	(412)	(350)	(500)	0	-100.0%		0	0
Tsf to Internal Service Fund	(4)	(4)	(6)	(6)	(6)	14.7%	(6)	(6)	(6
Tsf to Capital (1998 FISCOL Upgrade)	(263)	(525)	(525)	٠,,	(525)	0.0%	(420)	O O	°O
Debt Service - Transfer	(2,550)	(5,077)	(4,459)	(7,007)	(3,713)	47.0%	(3,757)	(3,795)	(5,782
Total	(432)	(1,571)	570	(2,129)	(945)	55.6%	18	1,300	212
Net Change in Balance	(2,870)	(5,604)	(4,993)	(3,946)	(2,678)	32.1%	(403)	914	(139
Beginning Cash	(1,200)	(3,422)	(8,969)	(8,969)	(12,915)	44.0%	(15,593)	(15,996)	(15,082
Change in Cash	(2,222)	(5,547)	(4,993)	(3,946)	(2,678)	32.1%		914	(13,002
Ending Cash	(3,422)	(8,969)	(13,962)	(12,915)		-20.7%	\ /	(15,082)	(15,221
Lituing Casil	(3,422)	(0,909)	(13,902)	(12,915)	(15,593)	-20.1%	(15,996)	(15,062)	(15,22

City of Minneapolis Engineering Materials and Testing Fund 6000

Background

This fund is used to account for the operation of the City's asphalt plant and paving products laboratory. The paving products laboratory provides in-lab and on-site testing and soil boring services to ensure quality control of asphalt and soils for projects.

Historical Financial Information

Each spring, the asphalt plant establishes product prices based on the estimated demand that year. The past two years actual production has been significantly lower than original estimates, which has had a negative impact on the fund balance. Many of the expenses associated with the creation of the products have been avoided by not purchasing the raw materials. However, the fixed costs of the plant are not being recouped. Starting this year, the product price will be based on the approved capital projects, with an estimated tonnage reduction for potential project cancellations. This adjustment will better price the product. Operations revenue for 1999 was \$2.5 million, a \$0.5 million decrease from 1998. Operation expenditures in 1999 were \$2.7 million, a \$0.4 million reduction from 1998. The fund had retained earnings of \$0.7 million at year-end 1999.

2001 Recommended Budget

Revenues

As was stated earlier, revenues and expenditures are based on the anticipated projects for the year. This year a new estimating approach will be taken to provide a break-even operation.

Expenditures

The expenditures within the Asphalt plant are based on 95,000 tons of asphalt production. This cost of production is based on raw material expenses, which includes petroleum products. As seen recently, pricing of petroleum products is volatile.

Transfers

The only transfer for this fund is for information technology services.

City of Minneapolis Engineering Materials and Testing Fund Financial Plan (in thousands of dollars)

	1998	1999	2000 Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Budget	Change			Forecast
Operating Revenues:									
Asphalt Sales	2,216	1,481	2,350	2,350	2,455	4%	2,535	2,616	2,700
Concrete Sales	19	-	-	-	-	0%	-	-	-
Engineering Lab	759	1,045	1,000	1,000	1,083	8%	1,083	1,083	1,083
Total	2,994	2,526	3,350	3,350	3,538	6%	3,618	3,699	3,783
Operating Expenditures:									
Asphalt Plant	2,105	1,646	2,414	2,414	2,403	0%	2,449	2,495	2,543
Concrete Plant	108	-	-	-	-	0%	-	-	-
Laboratory Expenses	766	937	1,003	1,003	1,030	3%	1,060	1,091	1,124
Finance	93	89	96	96	98	2%	101	105	109
Retirement Incentive	7	8	10	10	-		-	-	-
Total	3,079	2,680	3,523	3,523	3,531	0%	3,610	3,692	3,776
Net Operating Gain/(Loss)	(85)	(154)	(173)	(173)	7	-104%	7	7	8
Non-Operating Revenues/(Exp	penditures):								
Transfers	(6)	(6)	(7)	(7)	(10)	43%	(10)	(10)	(10)
Depreciation	(101)	(95)	(95)	(95)	(95)	0%	(95)	(95)	(95)
Other	39	40	-	-	-	N/A	-	-	-
Total	(68)	(61)	(102)	(102)	(105)	3%	(105)	(105)	(105)
Net Change in Balance	(153)	(215)	(275)	(275)	(98)	-64%	(98)	(98)	(98)
Retained Earnings:									
Beginning Balance	2,171	2,018	1,803	1,528	1,253		1,155	1,057	959
Ending Balance	2,018	1,803	1,528	1,253	1,155		1,057	959	862
Beginning Cash	1,379	1,339	41	(62)	(62)		12	86	160
Change in Cash	(40)	(1,298)	(103)	74	74		74	74	74
Ending Cash	1,339	41	(62)	12	12		86	160	235

City of Minneapolis Property Services Fund 6200

Background

This fund accounts for the physical management and maintenance of fire stations, police precinct buildings, the Public Service Center, and various other office locations. It also accounts for the coordination and management of special properties.

Historical Financial Performance

The proposed building rental rates are based on a three-year actual expenditure average. Starting in the year 2000, the building rental rates will be adjusted on an annual basis. In 1998 and 1999 rates had not been adjusted to fully cover the expenditures in this fund.

At year-end 1999 the fund had an operating loss of \$558,000 and the fund had a deficit in retained earnings of \$2.0 million.

2001 Recommended Budget

Revenues

The revenues from 2000 to 2001 in the operating budget are anticipated to increase by 17.3%, from \$4.6 million to \$5.4 million. This increase comes from two sources. The first source is from implementing the full building rental rates based on the previous three-year actual history. The second source is from the addition of the Program Management Office, which had previously been located in the Permanent Improvement fund.

Expenditures

Operating expenditures increased by 13.8% or \$600,000. Most of the increase, \$383,000, came from the addition of the Project Management Office. The Project Management Office was moved because it functionally fits with the Property Services staff and it operates like an internal service fund by collecting revenue to offset its expenses. The remaining expenditure came from contractual pay increases and the approval of exception request for an increase in supply costs.

Transfers to Other Funds

The only transfers associated with this fund are an annual charge for Human Resources support and ITS support.

City of Minneapolis Property Services Fund Financial Plan (in thousands of dollars)

						2000			
	2003	2002	%	2001	2000	Current	1999	1998	
ast Forecast	Forecast	Forecast	Change	Recomm	Projected	Budget	Actual	Actual	
									Operating Revenues:
54 55	54	52	0.0%	50	51	50	35	54	Municipal Market
280 5,442	5,280	5,123	9.3%	4,971	5,152	4,546	4,308	4,087	Property Services Maintenance
391 402	391	379	-	368					Project Management
,724 5,900	5,724	5,554	17.3%	5,389	5,203	4,596	4,343	4,140	Total
									Operating Expenditures:
0 0	0	0	-100.0%	0	10	10	13	8	Retirement Incentive
25 27	25	23	2.2%	23	31	22	22	14	Municipal Market
,118 5,277	5,118	4,966	5.6%	4,819	4,975	4,564	4,746	4,480	Property Services Maintenance
409 423	409	395	-	383					Project Management Office
99 103	99	96	18.6%	92	111	78	120	112	Finance
,652 5,830	5,652	5,480	13.8%	5,317	5,127	4,674	4,901	4,614	Total
72 70	72	73	0	72	76	(78)	(559)	(474)	Net Operating Gain/(Loss)
									Non-Operating Revenues/(Expenditures):
(47)	(47)	(47)	0.0%	(47)	(53)	(47)	(42)	(21)	Interest Expense
			-				(16)	(3)	Gain/(Loss)
(25) 0	(25)	(25)	8.7%	(25)	(178)	(23)	(22)	(122)	Transfers
(72) (47)	(72)	(72)	2.9%	(72)	(231)	(70)	(80)	(146)	Total
(0) 23	(0)	1	-99.9%	(0)	(155)	(148)	(639)	(619)	Net Change in Balance
									Retained Earnings:
125) (2,125	(2,125)	(2,126)	7.9%	(2,126)	(1,971)	(1,971)	(1,332)	(713)	Beginning Balance
	(2,125)	(2,125)	0.3%	(2,126)	(2,126)	(2,119)	(1,971)	(1,332)	Ending Balance
14 14	14	14	0.0%	14	14	14	-	3	Beginning Cash
- 2	<u>-</u>	-		-	-	-	14	(3)	
14 16	14	14	0.0%	14	14	14	14	-	Ending Cash
			0.0%					- (3)	Change in Cash

City of Minneapolis Solid Waste and Recycling Fund 7700

Background

This fund was established in 1994 to account for the City's solid waste collection and disposal/recycling activities. Prior to that time, these activities were accounted for within the General Fund. The Solid Waste Division of the Public Works Department provides weekly trash and yard waste pickup, bi-weekly recycling pickup and operates a solid waste transfer station for over 108,000 households. The Solid Waste and Recycling Division is also responsible for activities such as neighborhood clean sweeps, litter and graffiti removal and litter control in business districts. City crews provide approximately one-half of the solid waste collection service and the other half of the service is provided through a contract with a consortium of companies specializing in waste collection.

Historical Financial Performance

Revenue was favorable in 2000 due to recycling sales from a healthy economy. While recycling revenue has slowed in the second half of 2000, the fund is still projected to receive 42 % more revenue from recycling than it did in 1999, generating \$892,000 compared to \$625,000.

The Hennepin County recycling grant continues to decrease at the projected rate of 3 % each year based on history.

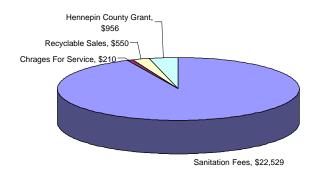
The Solid Waste and Recycling Fund have begun reporting declines in their cash and net operating balances. An annual rate increase was approved in 2000 to generate additional revenue to cover operating expenses.

2001 Recommended Budget

Revenues

Effective May 1, 2000, a \$1.00 per dwelling unit monthly rate increase was put into effect. The Council and Mayor have recommended the planned \$0.75 increase for 2001. For years 2002, 2003 and 2004, another \$0.75 per dwelling unit monthly increase is also proposed. This will increase revenues by an average of \$954,000 per year. In addition, the Hennepin County Recycling Grant is budgeted to decrease in 2001, based on this grant's historical trend. Revenue from recycling sales is budgeted to drop in 2001 due to expected softening of the market.

2001 Solid Waste and Recycling Operating Revenues (in thousands of dollars)



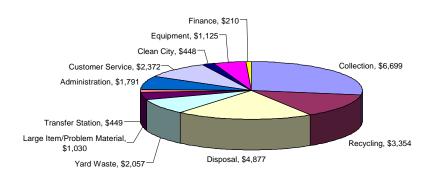
Below is a table of the proposed increases in Solid Waste fees for the next four years. This proposed schedule of rate increases was considered and adopted by the City Council during 2000. The actual rate will be set annually as part of the City's budget process.

Solid Waste and Recycling Rates												
Effective Date	Average Monthly Increase Per Dwelling Unit	Average Total Monthly Rate	Monthly % Change									
2001	\$0.75	\$17.75	4.4%									
2002	\$0.75	\$18.50	4.2%									
2003	\$0.75	\$19.25	4.1%									
2004	\$0.75	\$20.00	3.9%									

Expenditures

An increase of \$240,000 was added to the base budget for recycling vehicles, which are part of the replacement plan. New vehicle purchases for recycling vehicles and packers that will be made in 2001 will increase depreciation in future years. This same amount, \$240,000, is included in the forecast for future years. The 2001 recommended budget is a 4.7 % increase over the 2000 current budget. There were no decision packages submitted for the 2001 budget.

2001
Solid Waste & Recycling
Operating Expenses (in thousands of dollars)



Transfers to Other Funds

A transfer of \$12,000 for Information Technology Services has been budgeted for 2001.

City of Minneapolis Solid Waste and Recycling Financial Plan (in thousands of dollars)

			2000						
	1998	1999	Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Budget	Change	Forecast	Forecast	Forecast
Operating Revenues:									
Sanitation Fees	21,294	20,443	21,216	21,243	22,529	6.2%	23,493	24,456	25,421
Charges For Service	111	113	400	21,243	210	-47.5%	23,433	210	23,421
Recyclable Sales	534	625	400	892	550	37.5%		550	550
Hennepin County Grant	1,008	992	1,000	964	956	-4.4%	937	919	900
Total Operating Revenues:	22,947	22,173	23,016	23,309	24,245	5.3%	25,190	26,135	27,081
Operating Expenses:									
Collection	7,556	8,187	8,355	6,624	6,699	-19.8%	7,237	7,436	7,645
Recycling	3,485	4,977	2,808	3,088	3,354	19.4%	3,428	3,534	3,644
Disposal	4,824	3,605	5,385	5,033	4,877	-9.4%	4,978	5,178	5,385
Yard Waste	1,858	1,713	1,334	1,094	2,057	54.2%	1,967	2,003	2,043
Large Item/Problem Material	771	832	1,018	1,072	1,030	1.2%	1,053	1,085	1,119
Transfer Stations	691	306	478	417	449	-6.1%	459	473	488
Administration	-	-	1,401	1,900	1,791	27.8%	1,830	1,887	1,946
Customer Service	-	-	1,654	2,277	2,372	43.4%	2,424	2,499	2,577
Clean City	354	543	620	466	448	-27.7%	458	472	487
Equipment	1,409	1,407	647	1,088	1,125	73.9%	1,150	1,185	1,222
Retirement Incentive	6	7	9	9	,	-100.0%	,	•	,
Finance	165	196	205	185	210	2.4%	222	231	240
Total Operating Expenses:	21,119	21,773	23,914	23,253	24,412	2.1%	25,205	25,985	26,795
Operating Margin	1,828	400	(898)	56	(167)	-25.7%	(15)	150	286
Non-Operating Revenues/(Expenses):									
Depreciation	(953)	(829)		(556)	(616)		(676)	(676)	(676)
Net Transfers In (Out)	(9)	(160)	60	60	(12)	-120.0%			
Net Interest Income (Expense)		(4)							
Gain/(Loss) Disposal of Fixed Assets	(17)	(7)							
Special Assessments	71	133	77		115	49.4%	115	115	115
Total	(908)	(867)	137	(496)	(513)	-474.5%	(561)	(561)	(561)
Net Income	920	(467)	(761)	(440)	(680)	-500.1%	(576)	(411)	(275)
Cash Flow Analysis:									
Depreciation	953	829	829	556	616	-25.7%	676	676	676
Principal on Debt						- /-			
Capital Outlay	(1,813)	(851)	(851)	(800)	(1,095)	28.7%	(800)	(800)	(800)
Other Cash from Operating Activities	556	1,066	1,300	1,300	1,300	- /-	872	872	872
Net Other Non-Operating Cash Flows	(54)	(1,601)	,	(99)	(491)		(100)	(100)	(100)
Beginning Cash	827	1,389	365	365	882	141.6%	532	604	841
Ending Cash	1,389	365	882	882	532	-39.7%	604	841	1,214

City of Minneapolis Storm Water, Sewer, and Flood Mitigation Utility Fund Fund 7300

Background

This fund accounts for contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. This fund also accounts for storm water management activities, including the Combined Sewer Overflow (CSO) program, which separates the remaining storm sewer lines that are connected to sanitary sewer lines. During 1998, the City embarked on a \$72 million, nine-year flood control program. This program targets specific areas in the City and creates holding ponds and additional storm drains that are designed to mitigate the effects of flash floods. This fund also accounts for the \$4.4 million City-wide street sweeping operation.

Historical Financial Performance

The Sewer Rental Fund has had a positive increase in retained earnings over the last several years. From 1998 to 1999 retained earnings increased from \$21.3 million to \$30.4 million. This is due, primarily, to scheduled rate increases and a decrease in the sewage treatment rates charged to the City by Metropolitan Council Environmental Services. Based on the five-year rate schedule, adopted as part of the 2000 budget, the fund is expected to maintain an adequate level of retained earnings and cash balance.

2001 Recommended Budget

Revenues

The Sewer Rental Fund has a rate increase of \$0.17, or 4.0%, from 2000 to 2001. The rate increase will be used to pay for ongoing operating expenses, as well as debt service related to the CSO and flood programs. In addition, the rate schedule, listed below, has been recommended for 2001-2005. With the exception of a \$0.01 rate increase, there have been no changes in the recommended five-year rate increases, as shown in the following table, from what was adopted as part of the 2000 budget. The \$0.01 increase will raise the 2001 rate from \$0.16 to \$0.17. This increase will generate an additional \$150,000 in revenue, which will provide funding for sewer capital expenditures, above assessment, for the Near North capital project.

Storm Water, Sewer, Flood Mitigation Rates											
Effective	Annual Rate	Total Rate (\$/100	%								
Date	Increase	Cubic Feet)	Change								
2001	\$0.17	\$3.04	5.9%								
2002	\$0.12	\$3.16	3.6%								
2003	\$0.12	\$3.28	3.8%								
2004	\$0.13	\$3.41	4.0%								
2005	\$0.14	\$3.55	4.1%								

Expenditures

The Sewer Rental Fund has a projected increase in expenses due to sewage flow increases. The flow increases will result from newer, more accurate meters being installed by the Metropolitan Council Environmental Services.

In addition, expenditures have been increased by \$150,000 to reflect the planned increase in infrastructure "gap" closure investment. In 1999, the City began a plan to incrementally increase the level of capital spending in the Sewer Fund to begin to close an identified infrastructure "gap."

Transfers to Other Funds

An operating transfer is budgeted, for interest expense, for payment to the City's net debt bond program for bonds that were issued for this Fund in prior years and for payment to the Equipment Services Fund.

Debt Service

The debt service payments are primarily for bonds sold to finance the Combined Sewer Overflow (CSO) and flood mitigation programs.

City of Minneapolis Sewer Rental Fund Financial Plan (in thousands of dollars)

	1998 Actual	1999 Actual	2000 Current Budget	2000 Projected	2001 Budget	% Change	2002 Forecast	2003 Forecast	2004 Forecas
	71010.0.	71010101							
Operating Revenues:									
State Grants			436	426	480	10.1%		480	480
County Grants			175	175	171	-2.3%	171	171	171
Sewage Disposal	47,807	48,238	54,825	54,825	57,018	4.0%	59,299	61,552	64,014
Other Services Provided	1,647	970	1,079	773	977	-9.5%		977	977
Licenses & Permits	700	4 00=	12	4.500	12	0.0%		12	12
Inspection Services	786	1,685	1,000	1,500	1,500	50.0%	1,500	1,500	1,500
Interest Total	50,240	0 50,894	57,527	57,700	60,158	4.6%	62,439	64,692	67,154
	,	,	,-	,	,		,	,	- , -
Operating Expenditures:	,		0.45		0.000	4.5.55	0.55		
Sewer Design	1,104	1,033	2,164	2,164	2,396	10.8%	2,951	3,025	3,10
Stormwater Management	417	440							
Street Cleaning			4,458	4,458	4,455	-0.1%		4,726	4,868
Finance	89	100	110	110	116	5.4%		123	12
Sewer Maintenance	6,265	5,741	6,229	6,229	6,826	9.6%		7,082	7,29
Met Council Env. Svcs.	30,150	29,211	30,964	30,964	32,270	4.2%	32,270	32,270	32,27
Retirement Incentive Total	20 38,045	22 36,545	43,950	25 43,950	46,063	19.2%	46,805	47,227	47,66
						.0.270			
Operating Margin	12,195	14,349	13,577	13,750	14,095		15,633	17,465	19,49
Non-Operating Revenues/(Expenditu	ıres):								
Special Assessments	99	133	108	108	118	9.0%	118	118	118
Depreciation	(854)	(823)	(690)	(690)	(690)	0.0%	(690)	(690)	(690
Net Interest Income (Exp)	(1,540)	(2,175)	(1,873)	(1,873)	(1,993)	6.4%	(1,614)	(1,594)	(1,53
Net Transfers in (out)	305	(2,509)	(2,595)	(2,595)	(1,551)	-40.2%	(2,419)	(857)	(2,22
Other Revenues/(Expenditures)	270	130							
Total	(1,721)	(5,245)	(5,050)	(5,050)	(4,117)	-18.5%	(4,606)	(3,024)	(4,332
Net Income	10,474	9,104	8,526	8,700	9,978	-18%	11,028	14,442	15,161
Cash flow analysisIncrease/(Decrease	ase).								
Operating Margin:	12,195	14,349	13,577	13,750	14,095	3.8%	15,633	17,465	19,493
Decrease in accounts receivable	(818)	1,950	70,077	10,100	7 1,000	0.070	70,000	11,100	70, 700
Decrease in contracts receivable	1,268	1,319	1,426	1,426		-100.0%			
Decrease increase in accts payable	(293)	674	.,0	.,5		. 55.576			
Interfund loans (paid)/received	(7,210)	(3,000)	3,000	3,000		-100.0%			
Operating transfers-net	325	(2,963)	(2,595)	(2,595)	(1,551)	-40.2%	(2,419)	(857)	(2,22
Proceeds from bonds	18,318	16,477	10,810	10,810	11,581	7.1%		6,744	6,89
Construction of fixed assets	(7,095)	(19,040)	(17,089)	(17,089)	(18,033)	5.5%		(12,573)	(14,52
Principal on debt	(11,254)	(6,685)	(11,070)	(11,070)	(9,585)	-13.4%		(5,150)	(5,36
Contributed capital	2,000	(-,)	2,000	2,000	(-,3)	2	(=, = = =)	(-,)	(2,20
Interest paid on bonds	(768)	(1,598)	(2,137)	(2,137)	(1,996)	-6.6%	(1,614)	(1,594)	(1,53
Other non-operating cash flows-net	(174)	648	, ,)	(,)	(,)	,0	` ,,,,,,	, , , /	, , , , , ,
Gross cash-flow	6,494	2,131	(2,078)	(1,905)	(5,488)	(2)	2,618	4,034	2,750
Beginning Cash	1	6,495	8,626	8,625	6,720	-22.1%		3,850	7,88
Change in Cash	6,494	2,131	(2,078)	(1,905)	(5,488)	164.1%	2,618	4,034	2,75
Ending Cash	6,495	8,626	6,548	6,720	1,232	-81.2%	3,850	7,884	10,63

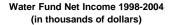
City of Minneapolis Water Treatment and Distribution Fund Fund 7400

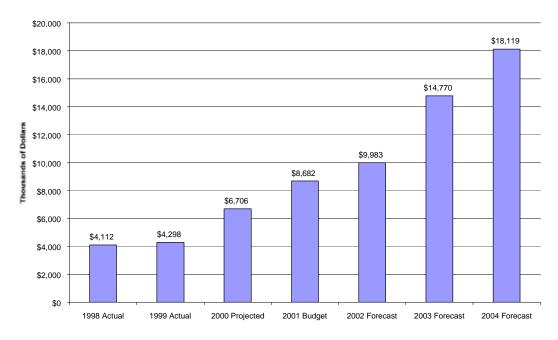
Background

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to the seven cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal and Edina. In 1998, the City began two, five-year programs, the Supervisor Control and Data Acquisition (SCADA) and the Hilltop Reservoir. The SCADA program automates the water control system from one point so that all gates, pumps, monitors, and controls will be in one controlled area. The Hilltop program is a 34 million gallon finished water reservoir.

Historical Financial Performance

The Water Funds retained earnings has increased by \$4.1 million from 1997 to 1998 and \$2.4 million from 1998 to 1999.





2001 Recommended Budget

Revenues

The projected rate increases for the following years are designed to finance the Debt Service for the capital expenditures for the Supervisor Control and Data Acquisition (SCADA) program, Hilltop reservoir and the Ultra-Filtration program. Below is the rate schedule that was adopted during the 2000 budget. There were no changes made to this previously adopted plan during the 2001 budget process.

Water Treatment and Distribution Rates									
Effective	Annual Rate	Total Rate (\$/100	%						
Date	Increase	Cubic Feet)	Change						
2001	\$0.16	\$1.81	9.7%						
2002	\$0.18	\$1.99	9.9%						
2003	\$0.19	\$2.18	9.5%						
2004	\$0.19	\$2.37	8.7%						
2005	\$0.20	\$2.57	8.4%						

Expenditures

There is a recommended \$900,000 increase in funding as planned for infrastructure "gap" closure investment for 2001. This is the third year of commitment for the infrastructure "gap" closure program. The 8-year, \$144 million Ultra-Filtration program for water treatment was also started in 2000.

Transfers to Other Funds

The transfers represent the amount provided to information technical services for their annual services.

Debt Service

The debt service amounts are primarily for bonds sold to finance the Water-Works Capital Construction program, to include the Supervisor Control and Data Acquisition (SCADA), the Hilltop Reservoir and the Ultra-Filtration program.

City of Minneapolis Water Fund Financial Plan (in thousands of dollars)

	1998 Actual	1999 Actual	2000 Current Budget	2000 Projected	2001 Budget	% Change	2002 Forecast	2003 Forecast	2004 Forecas
Operating Revenues:	Actual	Actual	Buaget	Projected	Buaget	Change	Forecast	Forecast	Forecas
Licenses & permits	8	2	16	16	16	0.0%	17	18	19
Charges For Services	42,168	39,716	46,424	46,424	49,038	5.6%	52,275	58,454	63,277
Charges For Sales	1,897	1,654	1,590	1,590	2,051	29.0%	2,078	2,107	2,138
Other Misc Revenues	44	1,004	27	27	794	2840.7%	818	842	867
Total	44,117	41,382	48,057	48,057	51,899	8.0%	55,188	61,421	66,301
Operating Expenditures									
Contribution To Other Funds	944	718	763	763	802	5.1%	826	850	876
Administration & Permits	650	635	717	717	764	6.6%	775	798	822
Treatment	10,114	9,568	10,963	10,963	11,699	6.7%	11,975	12,334	12,704
Treatment Maintenance	4,629	4,202	5,036	5,036	5,067	0.6%	5,219	5,375	5,537
Distribution	6,519	5,748	6,849	6,849	6,900	0.7%	6,970	7,179	7,394
Major Repairs & Replacement	3,109	2,088	3,927	3,927	4,731	20.5%	5,681	6,281	7,031
Finance	3,797	3,868	4,167	4,167	4,290	3.0%	4,401	4,533	4,669
Interest	2,407	3,001	2,096	2,096	2,337	11.5%	2,565	2,488	2,316
Retirement Incentive	105	116	130	130	0	-100.0%	0	0	0
Engineering Design	1,046	934	568	568	640	12.7%	658	678	698
Total Departments	33,320	30,878	35,216	35,216	37,230	5.7%	39,070	40,516	42,047
Total	33,320	30,878	35,216	35,216	37,230	5.7%	39,070	40,516	42,047
Operating Margin	10,797	10,504	12,841	12,841	14,669	14.2%	16,118	20,905	24,254
. •	-, -	-,	,-	,-	,		-,	.,	, -
Non-Operating Revenues/(Expenditures) Depreciation	(2.467)	(2.240)	(2.200)	(2.200)	(2.200)	0.00/	(2.200)	(2.200)	(2.200)
•	(3,467)	(3,348)	(3,300)	(3,300)	(3,300)	0.0%	(3,300)	(3,300)	(3,300)
Transfers	(2,045)	(2,750)	(2,735)	(2,735)	(2,735)	0.0%	(2,735)	(2,735)	(2,735)
Misc Expenses Total	(1,173) (6,685)	(108) (6,206)	(100) (6,135)	(100) (6,135)	(100)	0.0%	(100)	(100) (6,135)	(100) (6,135)
Total	(0,003)	(0,200)	(0,133)	(0,133)	(6,135)	0.0%	(6,135)	(0,133)	
Net Income	4,112	4,298	6,706	6,706	8,534	27.3%	9,983	14,770	18,119
Cash flow analysis:									
Operating Margin:	10,797	10,504	12,841	12,841	14,669	14.2%	16,118	20,905	24,254
Change in accounts receivable	396	280							
Change in inventories		(215)							
Change in Interfund loans received	7,210	4,400	7,000	7,000		-100.0%			
Change in Special assessment revenue	341	516							
Change in Interfund loans paid	(4,400)	(7,000)							
Change in salaries payable	(497)								
Change in accounts payable	247	(326)							
Operating transfers-net	(2,304)	(2,750)	(2,735)	(2,735)	(2,735)	0.0%	(2,735)	(2,735)	(2,735)
Proceeds from bonds	24,515	14,330	9,160	9,160	10,491	14.5%	11,927	12,497	13.621
Construction of fixed assets	(11,345)		(19,344)		(16,017)	-17.2%	(16,007)		- , -
Principal paid on bonds	(17,825)	(3,374)	(6,091)	(6,091)	(8,291)	36.1%	(9,362)	(10,009)	(11,305)
nterest	291	423	(0,001)	(0,001)	(0,201)	00.170	(0,002)	(10,000)	(11,000)
nterest nterest paid on bonds	(552)	(1,832)	(2,293)	(2,293)	(2,200)	-4.0%	(2,565)	(2,488)	(2,316)
Other non-operating cash flows-net	(552) 774	(1,032)	(2,293)	(2,293)	(2,200)	-4 .070	(2,303)	(2,400)	(2,310)
Gross cash-flow	7,648	(3,228)	(1,461)	(1,461)	(4,083)	179.4%	(2,624)	975	2,366
Beginning Cash	3,603	11,251	8,023	8,023	6,562	-18.2%	2,479	(145)	830
Change in Cash	7,648	(3,228)	(1,461)	(1,461)	(4,083)	179.4%	(2,624)	975	2,366
-	11,251	8,023	6,562	6,562	2,479	-62.2%	(145)	830	3,196
Ending Cash									

City of Minneapolis Municipal Parking Fund 7500

Background

This fund accounts for the operation and maintenance of parking ramps, lots, onstreet parking, a municipal impound lot, and traffic/parking control.

Historical Financial Performance

For the past several years actual revenue performance has been better than budget. The improved revenue has been attributed to a sound economy and beneficial weather (in cold and snowy weather more people use the ramps rather than lots). In 2000, two more ramps came online increasing the ramp system to eighteen ramps. Less expenditure on one-time items has improved the financial stability of this fund.

2001 Recommended Budget

Revenues

The revenues from 2000 to 2001 in the operating budget are anticipated to increase by 10.8%, from \$49.0 million to \$55.2 million. This increase is fueled by the anticipated rate increase of 4%, the addition of two new ramps, Hawthorne and 10th and Washington, as well as a recommended increase in the City's towing fee. The adopted budget includes both a \$1.3 million increase in the City's towing fee from \$75 to \$125, a \$50 increase, \$800,000 increase in ramp and lot revenues above the anticipated 4% increase, and a \$1.2 million increase in meter revenue from a rate increase on meters.

Expenditures

The reduction in expenditures when comparing the 2000 and 2001 budget is from the removal of \$2.1 million for one-time 2000 expenditures as planned. These one-time expenditures include infrastructure maintenance and enhancements such as replacement of garage doors, purchase of automated parking equipment, laying fiber optic cable for consolidation of security and data reporting. Requests of \$2.4 million in additional spending were requested for 2001. The only adopted request is for a living wage adjustment of \$350,000.

Transfers to Other Funds

The 2000 budget had several one-time transfers to other funds that have been removed from the 2001 adopted budget. These one-time transfers included \$0.9 million to the General Fund, \$72 thousand to the Solid Waste Fund, and \$0.5 million to MCDA. The 2001 budget contains net transfer of a negative \$.3 million.

The 2001 budget for transfers out of the Parking Fund includes \$10.1 million to the General Fund, \$1.2 million to the Arena Fund, and \$0.06 million to Information Technology.

The 2001 budget for transfers in to the Parking Fund include \$8.8 million transfer from the Convention Center for debt service payments, and \$0.2 million from MCDA for debt service payments.

With the exception of the transfer to the General Fund, transfers in and out of the Parking Fund reflect similar amounts as budgeted in 2000. The General Fund transfer has been increased by \$1.6 million from 2000 to 2001. This increase in funding for the General Fund is largely supported by the \$1.3 million increase in the City's towing fee, the remaining increase is for annual inflation adjustment.

Debt Service

The 2001 debt service is \$18 million. The debt service includes funded capital projects for 4th St TAD, 7th St. TAD, Federal Courts Ramp, Mann Areaways, Hawthorne Transportation Center, Hennepin at 10th ramp, Target Store Ramp, North Nicollet Mall, Rehab, Washington Ave at 10th Ramp.

City of Minneapolis Municipal Parking Fund Financial Plan (in thousands of dollars)

	1998	1999	2000 Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Budget	Change	Forecast	Forecast	Forecast
Operating Revenues:									
Parking Ramp and Lot Fees	25,929	28,604	29,053	29,800	34,126	17.5%	35,491	36,911	38,387
TAD Ramps	9,341	10,293	11,190	11,000	10,621	-5.1%	11,046	11,488	11.947
Future Ramps	-	-	-	-	-	-	850	1,704	1,772
Towing and Impound Lot	4,028	4,059	4,350	4,350	5,768	32.6%	5,768	5,768	5,768
Meters & Other Revenue	4,546	4,593	4,449	4,449	5,868	31.9%	6,103	6,347	6,601
Total Operating Revenues	43,844	47,549	49,042	49,599	56,383	15.0%	59,258	62,217	64,475
Operating Expenses:									
Parking Ramp and Lots	14,806	16,828	17,060	17,500	17,702	3.8%	18,233	18,780	19,343
TAD Ramps	7,048	7,163	7,738	7,800	7,193	-7.0%	7,409	7,631	7,860
Towing and Impound Lot	3.770	3,572	3,999	4,000	3,987	-0.3%	4,127	4,271	4,420
Meters & Other Revenue	2,706	4,469	4,500	4,500	4,928	9.5%	4,977	5,027	5,077
Total Operating Expenses	28,330	32,032	33,297	33,800	33,810	1.5%	34,746	35,709	36,701
Operating Revenues Over									
(Under) Operating Expenses	15,514	15,517	15,745	15,799	22,573	43.4%	24,512	26,508	27,774
Non-Operating Revenues (Expenses):									
Depreciation	(4,171)	(4,148)	(4,148)	(4,148)	(4,148)		(4,148)	(4,148)	(4,148)
Net Interest Income (Expense)	(7,561)	(9,906)	(9,906)	(9,906)	(9,756)	-1.5%	(9,560)	(9,111)	(8,887)
Gains (Losses)	(14)	(1)	(1)	(1)	(1)		(1)	(1)	(1)
Net Transfers In (Out)	1,433	1,372	550	550	(1,147)	-308.5%	(1,229)	(1,517)	(1,650)
Other	491	1,147	448	448	448		448	448	448
Total	(9,822)	(11,536)	(13,057)	(13,057)	(14,604)	11.8% -	(14,490)	(14,329)	(14,238)
Net Change in Balance	5,692	3,981	2,688	2,742	7,969	196.5%	10,022	12,179	13,536
Fund Balance/Retained Earnings:									
TAD System	242	3,376	6,828	6,576	10,256	50.2%	13,893	17,750	21,837
City System	1,115	3,673	4,202	7,142	3,462	-17.6%	7,794	13,959	22,051
Beginning Balance	1,357	7,049	11,030	13,718	13,718	24.4%	21,687	31,709	43,888
Ending Balance	7.049	11,030	13,718	16,460	21,687	58.1%	31,709	43,888	57,424
	.,	,	,	,	,,		21,122	12,000	,
Cash Flow									
Prinicipal paid on bonds	(5,980)	(25,849)	(6,940)	(8,329)	(8,329)	20.0%	(8,439)	(8,729)	(8,694)
Interest paid on bonds	(6,729)	(9,209)	(9,057)	(9,756)	(9,756)	7.7%	(9,560)	(9,111)	(8,887)
Other Capital related financing	2,738	19,081	-			-	-	-	-
Adjustments to Operating income for cash	336	(1,801)		(531)	(531)	-	(531)	(531)	(531)
Gross cash-flow	(9,635)	(17,778)	(15,997)	(18,616)	(18,616)	16.4%	(18,530)	(18,371)	(18,112)
Beginning Cash	24,792	30,671	28,410	28,410	28,158	-0.9%	32,115	38,096	46,233
Change in Cash	5,879	(2,261)	(252)	5,982	3,957	-1670.1%	5,982	8,137	9,662
Ending Cash	30,671	28,410	28,158	34,392	32,115	14.1%	38,096	46,233	55,895
Less Year-End Construction Cash and Cash Equivalents	(20,269)	(20,199)	(20,000)	(20,000)	(20,000)		(20,000)	(20,000)	(20,000)
Cash and Cash Equivalents, December 31	10.402	8.211	8.158	14.392	12.115	48.5%	18.096	26.233	35.895

City of Minneapolis Convention Center Special Revenue Fund Fund 0760

Background

The Convention Center Special Revenue Fund accounts for the maintenance and operation of the City owned Convention Center and the related sales tax activities. The Minneapolis Convention Center was created as an investment to foster and generate economic growth and vitality by providing facilities and services for convention, trade shows, exhibits, meetings, cultural, religious and sporting events, all of which benefit and showcase Minneapolis.

Historical Financial Performance

The 1999 fiscal year-end fund balance for the Convention Center Special Revenue Fund was \$19.5 million. The Local sales taxes support the Convention Center and taxes of \$39 million were collected in 1999, an increase of 5 percent from 1998 to 1999. In addition, 6.6 million was collected for general city purposed. Approximately \$29 million was transferred to debt service or enterprise fund related debt.

The Collection amounts for 1999 were:

- \$26 million from Sales Tax of 0.5 percent applied citywide
- \$3 million from Lodging Tax of 2 percent applied to motels and hotels of 50 units or more.
- ➤ \$10 million from Food and Liquor Taxes of 3 percent, each, applied to establishments in the core downtown area.

Neighborhood Early Learning Centers (NELC's) were funded from sales tax dollars, with special legislative action. The total amount spent was \$7.2 million. The final new appropriation was approved in the 1999 budget, for the Mona Moede NELC.

In 1999, the Convention Center transferred approximately \$5.8 million in sales tax to the General Fund and \$813,917 to Target Center reserves.

The Convention Center has traditionally transferred \$950,000 to the Convention Facilities Reserves Fund but starting with 2001, this amount will esculate 5% each year.

2001 Adopted Budget

Revenues

The 2001 adopted budget includes the following increases in revenue from 2000 current budget:

- ➤ 6.9% increase in Sales Tax
- Restaurant tax by 5.4%
- Liquor tax by 3.7%
- ➤ Lodging tax by 3.7%
- Entertainment tax by 7.7%

The 2001 adopted budget for Convention Center operating revenues remain flat. However, operating revenues are expected to increase beginning in 2002 when the Convention Center Expansion opens.

Expenditures

To prepare for the opening of the expanded facility, the Convention Center has enhanced it's personnel by 59.8 FTEs. Adding these positions will increase the 2001 personnel budget by approximately \$595,000. The full impact of the additional staff will not be realized until 2002 when there is 12-months worth of expenditures.

In addition, the transfer of revenue to the GMCVA will increase by \$1.5 million in 2001. The GMCVA plans to jointly pursue with the hotel industry a 1% increase in lodging tax to fund the \$1.5 million in future years. If this increase in tax is not received the funding for the GMCVA will be reduced by \$1.5 million.

Transfers to Other Funds

Transfers from the Convention Center Special Revenue Fund will be made to the following: General Fund, Target Center Reserves, Convention Center Reserves, and Parking Fund.

The transfer from the Convention Center to the Parking Fund is \$2.8 million less in 2001 compared to 2000. This reduction is because the 2000 budget included \$2.6 million in one-time transfers to the Parking Fund for Convention Center related costs for parking facilities.

Debt Service

At the end of 2001, the outstanding principal debt for the expansion of the Convention Center will be approximately \$208.4 million. In 2000, for the expansion, \$168 million worth of bonds were issued. An additional \$40 million will be issued approximately August 2001. In 2001, approximately \$35 million will be spent on debt service.

City of Minneapolis Convention Center Financial Plan (in thousands of dollars)

			2000						
	1998	1999	Current	2000	2001	%	2002	2003	2004
	Actual	Actual	Budget	Projected	Budget	Change	Forecast	Forecast	Forecast
Operating Revenues:	0.045	0.044	0.445	0.704	0.000	0.40/	0.004	4 000	4.005
Charges For Services	3,015	2,941	3,115	2,791	3,008	-3.4%		4,063	4,385
Rents	5,193	5,067	5,312	5,176	5,296	-0.3%		7,566	8,427
Other Miscellaneous Operating	1,646	1,858	1,720	1,700	1,705	-0.9%		2,067	2,273
Total	9,854	9,866	10,147	9,667	10,009	-1.4%	12,888	13,696	15,085
Operating Expenditures:									
Convention Center Operations	10,896	11,156	12,409	11,300	13,875	11.8%	16,897	17,581	18,183
Finance	259	233	241	226	248	2.9%	256	265	274
Human Resources	45	47	47	48	52	10.6%		56	57
Total	11,200	11,436	12,697	11,574	14,175	11.6%	17,207	17,902	18,515
let Operating Gain/(Loss)	(1,346)	(1,570)	(2,550)	(1,907)	(4,166)	63.4%	(4,319)	(4,206)	(3,430)
Ion-Operating Revenues:									
Sales Tax	24,097	25,608	26,000	26,000	27,800	6.9%	28,912	30,068	31,361
Entertainment Tax	6,015	6,596	6,500	6,500	7,000	7.7%		7,426	7,842
Food Tax	7,147	7,278	7,400	7,400	7,800	5.4%	7,956	8,115	8,456
Liquor Tax	2,363	2,463	2,700	2,700	2,800	3.7%	2,856	2,913	2,971
Lodging Tax	2,752	2,854	2,900	2,700	2,800	3.7%		2,971	3,348
Other				•			500	500	500
Interest	1,050	1,042	925	1,000	1,146	14.6%	1,180	1,216	1,252
State Financing of Existing Debt		813	1,517	1,517	3,288	116.7%	81,527		
Total	43,424	46,654	47,942	47,817	52,634	10.1%	133,025	53,209	55,731
lon-Operating Expenditures:									
Greater Mpls Conv & Visit Assoc	3,963	4,494	4,910	4,910	6,431	31.0%	5,106	5,311	5,523
Retirement Incentive	13	14	16	16		-100.0%		-	•
Neighborhood Early Learning Ctrs		2,803							
Convention Center Completion Proj	230	578	360	360	360		90		
Avenue of the Arts/Convetion Ctr			100	1,816		-100.0%		104	
Ongoing Equipment and Improv.	719	645	1,556	1,356	725	-46.5%	1,000	1,100	1,210
Transfer To Genl Fund - Entert Tax	5,089	5,781	5,400	5,400	5,700	5.6%		5,895	6,178
Transfer To Target Ctr Reserve	926	815	830	830	847	2.0%	1	881	899
Transfer To Conv Center Reserve	950	950	950	950	1,047	10.2%		1,155	1,213
Transfer To Debt Service	17,908	17,129	20,855	19,851	26,446	33.2%		28,240	28,411
Transfer To Parking Fund	8,384	12,325	11,508	11,508	8,757	-23.9%		8,668	8,682
Transfer to Information Technology	56	56	58	58	61	5.2%	· · ·	66	69
Transfer to Human Resources	8	8	8	8	11	37.5%	11	12	12
Payment to Existing Bond Holders Total	38,246	45,598	46,551	47,063	50,385	7.1%	81,527 132,296	51,432	52,197
let Non-Operating Revenues/Expenditures	5,178	1,056	1,391	754	2,249	198.3%	729	1,778	3,534
let Change in Palanes	2.020	(EAA)	(1.450)	(4.450)	(4.047)	66.00/	(2.500)	(0.400)	404
let Change in Balance	3,832	(514)	(1,159)	(1,153)	(1,917)	66.3%	(3,590)	(2,428)	104
und Balance/Retained Earnings:									
seginning Balance	16,199	20,031	19,517	18,358	17,205	-6.3%		13,615	11,187
nding Balance	20,031	19,517	18,358	17,205	15,288	-11.1%	13,615	11,187	11,291
seginning Cash	18,304	21,958	24,028	24,028	22,869	-4.8%	20,952	17,362	14,934
Change in Cash	3,654	,					· · ·	(2,428)	104
inding Cash	21,958	24,028	22,869	22,875	20,952	-8.4%		14,934	15,038
change in Cash	3,654	2,070	(1,159)	(1,153)	(1,917)	66.3%	(3,590)	(2	,428)

City of Minneapolis Community Development Block Grant Fund 0400

Background

This fund is used to account for the Federal grants received under the Community Development Block Grant Provisions.

CDBG provides the City, based on its submitted consolidated plan, annual direct grants that can be used to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low-and moderate-income persons. The City Council, on December 14, 1999, adopted a resolution to establish a process to reevaluate the City's use of CDBG funds in an environment of Federal funding reduction strategies. Specifically, it asks that recipients of CDBG funds work with the Finance Department to formulate a plan for eliminating the City's operational and capital dependence on the CDBG funds over a reasonable time. In addition it requires that all organizations or entities which are not City Departments to submit to the City Finance Director the organization's need for and use of CDBG funds.

Historical Financial Performance

The CDBG fund balance or retained earnings at any given time are temporary to the extent of timing differences between entitlement grant revenue receipts and grant expenditure disbursements.

Adopted Budget

Revenues

Revenues are the entitlement funds that are budgeted based on the past relationship between national appropriations and local entitlement amounts. Amounts are based on the actions, to date, of the House and the Senate. At the time of this publication, the City's entitlement has been increased 3.32% over the previous year.

Expenditures

The City distributes its entitlement funds based on a consolidated plan - it carries out program activities and awards funds to private, public not-for-profit, and for-profit organizations. No budgeted program increases are expected.

Transfers to Other Funds

Transfers to and from other funds are made to adjust the imbalance differences between revenues and expenditures.

Debt Service

The CDBG entitlement is obligated over and above the current grant budgets by \$7 million. This amount reflects what the City borrowed against its entitlement to fund the Block E economic development project. As program revenues exceed the budget expenditures these funds will be incrementally applied to the previously obligated \$7 million.

City of Minneapolis Community Development Block Grant Financial Plan (in thousands of dollars)

			2000					
	1998	1999	Original	2001	%	2002	2003	2004
	Actual	Actual	Budget	Budget	Change	Forecast	Forecast	Forecast
Revenues:								
Intergovernmental Revenues	19,048	22,902	21,885	22,972	5.0%	23,000	23,000	23,000
Interest	287	493						
UDAG recapture	598	984	600	600	0.0%	600	600	600
Other program income	185	6		10		10	10	10
Total	20,118	24,385	22,485	23,582	4.9%	23,610	23,610	23,610
Expenditures								
Civil Rights	362	307	298	319	7.0%	329	338	349
Grants and Special Projects - including contracts	349	511	318	194	-39.0%	6	6	6
Finance	348	297	429	452	5.4%	14	14	14
Licenses - Lead Grant Match (from MCDA)	167	358	0	0		0	0	0
Planning	1,047	941	1,093	1,072	-1.9%	1,104	1,137	1,171
Public Works - General Services	49	266	163	162	-0.6%	162	162	162
Inspections - Boarded Buildings	233	316	198	200	1.0%	200	200	200
Health and Family Support - including contracts	3,045	3,621	4,007	4,086	2.0%	4,127	4,168	4,210
Community Services Programs	1,845	1,511	2,427	2,454	1.1%	2,454	2,454	2,454
Total	7,445	8,128	8,933	8,939	0.1%	8,395	8,480	8,566
Net Gain/(Loss)	12,673	16,257	13,552	14,643	8.1%	15,215	15,130	15,044
Transfers								
Transfers In	0	0	0	0		0	0	0
Transfer to capital projects	(376)	(250)	0	(467)		(467)	(467)	(467)
Transfer to component units	(706)	(1,109)	(318)	0	-100.0%	0	0	0
Tranfer to MCDA Special Revenue Funds	(12,227)	(14,272)	(12,632)	(13,565)	7.4%	(13,565)	(13,565)	(13,565)
Total	(13,309)	(15,631)	(12,950)	(14,032)	8.4%	(14,032)	(14,032)	(14,032)
Net Change in Balance	(636)	626	602	611	16%	1,183	1,098	1,012
Fund Balance/Retained Earnings:								
Beginning Balance	1,119	483	1,109	1,711	54.3%	2,322	3,505	4,603
Ending Balance	483	1,109	1,711	2,322	35.7%	3,505	4,603	5,615

Budgets assume draw down of funds in the same year allocated

The balance in the fund does not include the reservation of \$7 million for the City's Block E loan.